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PRINCIPAL CONTENTS

NOTES OF THE MONTH

Imperial Preference

Mr. Menzies and Mr. McEwan left for London with the determination of demanding from the Government of the United Kingdom a review of the Ottawa Agreement.

Reports from London do not promise sympathetic consideration of Australian requests. As a matter of fact, the British Board of Trade has recently become much stricter in dealing with Australian requests for the duty-free entry into Australia from third countries of goods which are not available in England in a competitive quality or range. This may indicate that the only concession which the British Government is willing to make will be the relaxation of this practice, and nobody will in effect be better off than when the whole argument began.

While it is gratifying that our Government should have finally discovered that the Ottawa Agreement is one of the reasons for Australia's inability of balancing its trade, it is most disapointing that redress is sought in an entirely wrong direction.

The British Government professes to favour freer trade and less discrimination. It is bound to that policy, as is the Australian Government, by post-war international agreements. Our Government, however, seems to be unable to get out of the maze of restrictions, controls and discriminations by which it has gagged Australia and its own way of thinking.

Instead of reducing, and eventually eliminating, the preference afforded to goods of United Kingdom origin in Australia, and making it possible for Australian importers to buy in the cheapest markets, and at the same time enabling Australian exporters to sell in the best markets, Mr. McEwan wants to grant further margins of preference to Great Britain against margins of preference for Australian goods in England. To repeat the words used by "The Economist" two years ago, we are seeking an agreement with Great Britain that they will buy our second class cheese if we buy their second class mouse traps.

Why is it that the population of a vast and rich country has to be satisfied with second class goods, and our Government to solicit such humiliating arrangements?

There are many reasons why this policy cannot and will not succeed. It will not be accepted in London. Even if it were accepted it would not solve our problems, but would accentuate them.

Licensing

The recent sale of a drive-in-theatre licence, granted only a few weeks earlier, focussed public attention on the vast profits reaped by lucky licensees, once again.

There is growing demand in the press and in state political circles, with which our League is happy to associate itself, that licensing should be abolished and give way to free competition, wherever possible, and that where the restriction of the number of those engaged in a certain trade is inevitable, licences should be auctioned periodically.

Orderly Marketing

Whenever some producers want to conspire against competitors and consumers, one of their favourite specious arguments is that "orderly marketing" is in the public interest. This argument sounds so convincing that a number of marketing boards have sprung up with hardly any opposition.

The poor housewife must be puzzled now-a-days what orderly marketing really means. We have a Potato Board, but the price of potatoes is so high in Sydney that they have become a luxury, while it is reported that hundreds of thousands of bags rot in Tasmanian ports. Eggs are sold by the grocers from under the counter as a special favour to old customers while many millions of eggs are pulped and exported by the Egg Board every year at less than one third of the price paid by the housewife.

Can anybody still maintain that "orderly marketing" is better than a free market economy?

A Mystery is Solved

The world was surprised by the landslide victory of the former Opposition in the Ceylonese elections, between April 5-10. The former Government had the number of its seats reduced from 54 to 8, and the main Opposition party increased from 10 to 51.

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PROGRESS TOWARDS TRADE LIBERALIZATION IN EUROPE

At its meeting on February 28-29 the O.E.E.C. Council adopted a resolution declaring that "the achievement and consolidation after September 30, 1956, of the target of 90 per cent. liberalization in Europe, set by the Council in January, 1955, is essential." **The resolution pointed out that the O.E.E.C. must concentrate its immediate attention on other barriers to trade, such as high tariffs, restrictive State trading, and other artificial aids to exports, as well as on quantitative restrictions.** The next step must be a "Frontal attack" on the trade restrictions remaining after the 90 per cent. stage had been realized, in so far as these restrictions were not designed to meet temporary balance-of-payments difficulties. The resolution also stated that the O.E.E.C. should study the effect on patterns of trade, both in and outside Europe, of the disposal of agricultural surpluses.

On December 13, 1955, the O.E.E.C. had announced that the overall percentage of private trade **freed from all quantitative import restrictions** between member countries was how 85.6 per cent., compared with 83.3 per cent. in December, 1954, 76.6 per cent. in December, 1953, 64.7 per cent. in December, 1952 and 61.5 per cent. in December, 1951. In the three categories comprising the total, 93.1 per cent. of the trade in raw materials had been liberalized; 81.9 per cent. in food and feeding-stuffs; and 81.0 per cent. in manufactures goods.

The percentage of liberalization achieved by the various member-countries was as follows at December 1, 1955: Italy, 99.7; Portugal, 93.7; Sweden 92.6; Switzerland, 92.5; Western Germany, 91.3; Benelux (Belgium, Netherlands, and Luxemburg), 91.1; Irish Republic, 90.2; United Kingdom, 84.8; Austria, 83.5; Denmark, 78.4; France, 77.5; Norway, 75. Greece, because of her economic situation, was not obliged to liberalize her imports, but did in fact apply an almost total de facto liberalization of imports, which was not taken into account in the combined percentages. Turkey and Iceland had been compelled to suspend all or part of their liberalization measures for balance-of-payments reasons, and had been authorised temporarily not to comply with their obligations.

Austria subsequently increased her liberalization quota from 83.5 to 90 per cent. on January 1, 1956, whilst France raised her quota from 77.5 to 79 per cent. on January 3.

It had been announced on November 19, 1955, that the O.E.E.C. Council had appointed a committee of seven European experts, under the chairmanship of Mr. E. R. Copleston (U.K.) to study ways which would lead to the progressive **removal of the remaining obstacles to "invisible" transactions.** It was stated that the committee would study payments for freight, warehousing, the use of patents, insurance, advertising, etc., and also transfers of dividends, interest, rents, inheritances, dowries, etc.

The O.E.E.C. announced on January 25 that **the three Benelux countries would in future be regarded as a single country in intra-European trade,** and that the obligations regarding trade liberalization by the three countries would be met by their combined liberalization measures. The Benelux countries had already unified their liberalization measures and submitted a single list to the O.E.E.C., as shown by the December announcement on the extent of trade liberalization achieved.

A report on the liberalization of Europe's dollar trade, published on March 29, showed that member-countries as a whole* **had freed 54 per cent. of their private imports from the dollar area from import restrictions as at January 1, 1956** (on the basis of the 1953 figures). The percentage of liberalization, achieved in each of the three categories were: agricultural products, 71 per cent.; raw materials, 55 per cent.; manufactured goods, 36 per cent. The extent of the liberalization of dollar trade achieved by each of the member-countries was as follows: **Greece, 99 per cent.; Switzerland, 98 per cent.; Benelux, 87 per cent.;** Western Germany 68 per cent.; Sweden, 64 per cent.; United Kingdom, 56 per cent.; Denmark, 55 per cent.; Portugal, 53 per cent.; Iceland, 33 per cent.; Italy, 24 per cent.; Irish Republic, 15 per cent.; France, 11 per cent.; Austria, 8 per cent.

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50 YEARS AGO

"THE STANDARD", JUNE 15, 1906

The Labour Party and Land Value Taxation

(By Professor Prim)

What is the remedy proffered by the Labour Party for the present unequal distribution of wealth? Apart from Socialism, which I will not discuss, its most prominent feature is a "progressive land tax", or rather land value taxation apart from improvements, coupled with exemptions. What does this policy of exemptions and graduations mean? It means simply that the land values of the large class of small landowners to which so many of the workers belong, and from which the Labour Party depend for so many of their votes, are not to be taxed at all, while the tax is to be piled, in a never increasing ratio, on the comparatively small class of larger landowners to which none of the workers belong, and which may be counted on to vote against the Labour Party every time. The unfairness, injustice, and grossly selfish character of such a policy is apparent, and stands self-condemned.

In the whole history of the world no such opportunity has ever arisen as now lies before Labour in these Southern climes. All that is wanted is a clear perception of the cause of the present down-trodden condition of the masses and of the proper economic remedy, and no human power could possibly withstand for long the demand made by a united phalanx of workers for that remedy to be applied. What the terrible condition of the masses is we know too well—a great host of unemployed who are everywhere looking for work and unable to find it, a still larger number who are hanging on the brink of the abyss ready to topple into it at any slight and unforseen diminution in the demand for their labour. And the cause of it is known, too—the monopolisation of natural opportunities by the owners of land, who prevent their fellows from obtaining access to the soil, which evidently intended for the use of all alike, until they have paid the uttermost toll. All this is clear. Then what does justice require? Surely that, too, has been proclaimed with no uncertain voice by Henry George, whose remedy may be summed up in a single phrase — the gradual appropriation of land values, apart from improvements, and the accompanying abolition of all other forms of taxation. And the more we examine this remedy the more perfect does it appear, for it is based on the incontrovertible fact that land values, apart from improvements, are directly caused solely by the presence and needs of the community, and therefore belong to the community by the same self-evident law of property, which lies at the root of society, by which, indeed, society is upheld. "The real basis of property, the real fundamental law of distribution," writes Henry George in "The Science of Political Economy", "is so clear that no one who attempts to reason can consistently ignore it. It is the natural law which gives the product to the producer."

Fifteen years ago the Labour Party suddenly sprang into existence, and since then it has had an unrivalled opportunity of proclaiming its gospel far and wide, and showing the people throughout Australasia how the present galling conditions might be removed, and of conferring an incalculable benefit not only upon the working classes, but upon society as a whole. What has it done? Instead of concentrating their energies on this fundamental remedy, the different sections of the Labour Party throughout the Commonwealth have frittered away their time in advocating a whole lot of paltry and, for the most part, useless expedients—'compulsory wages' courts, the failure of which is admitted even by themselves; union labels, which are simply aimed against non-union men; measures for ousting Lascars and Kanakas from places too hot for ordinary whites; and in their own selfish interests, which are not really the interests of Labour as a whole, but simply of a few parliamentarians, who are afraid of losing their seats, they advocate a tax on land values so emasculated, distorted and unfair, that it makes one sick of the very name of Labour, to think that the masses applaud this gross injustice with open mouths.

And the pity of it is that these men are undeniably smart, numbering in their ranks first-class organisers, administrators, and speakers, solidly united, able to hold their own against all and sundry who may be pitted against them in the parliamentary or political arena, and, if their forces were only directed in the right way, could undoubtedly revolutionise **the condition of society under which the workers have been groaning for so long.**

Land Tax, Public Debt & Social Services

By F. Whittaker

Some two months ago, a letter appeared in "The Standard", in which it was pointed out that under present day conditions, the full annual rental value of land would not be sufficient to meet government expenditure.

It should be remembered that we are living in an economy distorted by a fundamental injustice for centuries, and the longer this continues the more the distortion becomes apparent.

In the days when "Progress and Poverty" was written, the full annual rental value of the land would undoubtedly have been sufficient with a good margin to spare.

Now, if any one will examine government expenditure two facts stand out.

1. Huge outlay on public debt.
2. Huge outlay on social services.

The public debt has assumed the sacred character of land monopoly in the eyes of many, so to question its need is considered revolutionary.

Yet it should be apparent to any thinking person that it is not natural for a government to continue to pile debt on debt; of the money borrowed to fight the first world war, for instance, can any one inform us, how much has been repaid? And still the public debt continues to spiral up.

The question of what to do with it is difficult.

To suggest repudiation, would meet with fierce opposition by many.

Yet it appears that this is now happening gradually without many seeing it take place.

It is strange that no economist of any school has attempted to explain why since World War II there has been more or less a continual inflation crisis, not only in Australia, but in other countries as well.

Now, an ever increasing public debt means greater taxation to pay interest, and as levied under present conditions, must cause a rise in price due to taxation being passed on. This causes a vicious circle of rising prices and more taxation, followed by a demand from the workers of higher money rates of pay.

Compare the actual return in real commodity value to-day, of an investor in an early war loan of the 1914-18 war if he were to receive it back in cash to-day. It would seem that the ever mounting public debt is just as inflationary as the issue of treasury bills is claimed to be.

Now if the full annual rental value of land were collected for public purposes, the issue of treasury bills to finance genuinely reproductive works would have the certain security that the consequent rise in land values would recoup the cost in time. Also, treasury bill issued under these conditions would not tend to blockade further production by gradually filtering into privately held land values, as a sure speculation against a gradually depreciating currency, as happens to-day, thus assisting the inflationary spiral.

Next Social Service payments, being in the nature of national insurance, would have to continue for a long time to be a tax on income, though it would be better at a flat rate throughout, the means test could be abolished, and eventually when the other distortions were removed from the economy, some of the excess land values could be used to subsidise the fund.

It seems a mistake for single taxers to say that if the government got off the people's backs, each one could save for his own old age. This might be so after 25 years of the single tax, but few will be prepared to retire 12 months after the single tax has been introduced, and provide for themselves, after a lifetime under the present system.

The system would have to operate for a long time, before the distortions and injustices of land monopoly would be eliminated, a thing which many reformers seem to overlook.

Next, with the abolition of the customs, sales tax and numerous other useless government departments, which only hinder useful production ,a huge saving in expenditure would result.

This like the Social Services would have to be gradual. No immediate big cut could be made unless the reformers would like to produce conditions similar to a revolution.

Then it should be found that the full rental value of the land would be sufficient for all nceessary government.

It is necessary to put first things first, and bring in the full annual rent of land and then gradually iron out the distortions produced by past injustice, this indeed will unravel itself.

This will be a long process, with plenty of room for difference of opinion, as to the exact methods to follow.

TRADE LIBERALIZATION

(Continued from Page 2)

The report said that member-countries' progress towards the liberalization of imports from the U.S.A. and Canada would be facilitated by the measures taken by these dollar countries to apply a more liberal commercial policy. It listed in detail the various measures adopted by the U.S.A. to make its markets more accessible to European goods, and expressed the hope that their favourable effect would not be weakened by the invocation of "escape clauses." It also recorded the concern of some member-countries about the extension by the U.S.A. of the application of the preferential clause under which 50 per cent. of certain types of cargo had to be carried in American ships, and also about the disposal of U.S. agricultural surpluses.

On the other hand, the report pointed out that member-countries' gold and dollar reserves, taken as a whole, had only continued to increase because of U.S. aid, and that there had been an appreciable increase in Europe's trade deficit with North America since the second half of 1953. Member-countries should therefore make further efforts to develop their exports to North America and to attract American investment capital. The U.S.A., with its economic strength and its position as the biggest creditor country in the world, should take further measures to help set up, on a firm and lasting basis, **a world multilateral and payments system free from the restrictions which had been hampering world trade.**

The existing leases were granted for 35 years, and it has been the hope of those who wanted to get land in the Australian Capital Territory, who wanted to get it for purposes other than those of grazing sheep, who wanted to get it for the development of agricultural pursuits for which this land is suited and for which it should be used, that the leases would be reviewed in 1958. But the regulation—which, incidentally, was signed by the former Minister on the 5th December, 1955 five days before the general election and assented to, I think, five days after the election—proposes to extend the term to 50 years. I have no objection at all to the extension of the term to 50 years with respect to a living area, provided there is some condition that the lease-hold land shall not pass to a greedy landholder who is seeking to obtain more of the national estate than he is entitled to have. But the position is that present holders of 25-year leases are being asked by the Department of the Interior whether they will accept 50-year leases as from now.

Mr. **THOMPSON:** In addition to the 25 years?

Mr. **J. R. FRASER:** They are being asked whether they wish to convert their 25-year leases to 50-year leases as from the present time. If my assumption is correct—and I believe it is—this means that the regulations have been broken by those who are charged with the responsibility of administering them; that if estates in leasehold have been aggregated, if transactions outside the terms or spirit of the regulations have been broken, the proposed new regulation will confirm all those irregular practices for the next 50 years. What hope will there then be for the small land-holders and the sons of farmers to secure leases in the Territory? **The Territory was dedicated to the lease-hold system. It was dedicated to the use of the people, and it should be so maintained.**

Other honorable members will speak during this debate, but I again direct the attention of the House to the cases that I have placed before it, and to the proposals that are embodied in the regulation now under discussion. When the division bells are rung, honorable members will enter the chamber and will proceed to either the Government side or the Opposition side to vote on the question. I ask those honorable members who have not a knowledge of land use within the Territory to credit me with at least some knowledge of it, and with the sincere belief that what is now being done is wrong and that the regulation should be disallowed. If, in the final analysis, the motion is defeated, I ask the Minister to review the whole question of the leasehold tenure of land within the Territory in the light of the statements that I have made within the House and in the light of any other evidence he may obtain. If the Minister were to withdraw the regulation until an examination were made, that might be a worthy step to take. If he does not feel able to follow the course that I have mentioned, I suggest to him most strongly that the whole question of leasehold tenure within the Territory be again referred to that estimable body, the Joint Parliamentary Committee on Public Accounts. I point out that that was done originally in 1929 during the life of the Bruce-Page Government, and subsequently during the life of the Scullin Government. I shall once again state my brief quite simply. I am not speaking in any political sense, but am simply saying that, for the benefit of the Territory, and for the benefit of present and future residents, the regulation should be either withdrawn by the Minister or disallowed by the Parliament so that the practices to which I have referred shall be allowed to continue and so that proper use will be made of land—the people's land, the national estate—in the Australian Capital Territory.

Mr. **FAIRHALL:** (Paterson—Minister for the Interior and Minister for Works):—I think it will be quite understood why the honorable member for the Australian Capital Territory (Mr. J. R. Fraser) has brought forward this particular problem. We are all appreciative of his great concern that the Territory, which he represents in this place, shall be dealt with in a way that protects the interest of the Commonwealth and the rights of the people who live within the Territory. I think we all appreciate, too, that a number of people have sought his good offices in having themselves established on the land.

The situation with which we are now dealing is not exclusive to the Australian Capital Territory, because all over Australia are people who are eager to establish themselves on the land for the particular purposes to which the honorable gentleman has referred, and who find themselves prevented from so doing because the land is already occupied or because of economic barriers. The honorable member has given to the House a very valuable historical review of the development of the land tenure system in the Territory, and we are grateful to him for having directed the attention of honorable members and of the public to the background of the land problem. He has directed attention, quite rightly, to the fact that safeguards were written into the ordinance and regulations to provide for the preservation of the national interest, but when we consider a subject like the national interest, there is room for a very wide divergence of opinion.

It may well be that, in the opinion of the honorable member, closer settlement or fragmentation of the land into small living areas best serves the national interest. Doubtless there are other honorable members who will point to modern agricultural development and direct attention to the need for the aggregation of areas—to which the honorable member objects—so that a more economical use of power and mechanized farming methods may be made. It will be seen, as I have stated, that there is room for a divergence of opinion in relation to this problem.

The honorable member has directed attention to old regulation 7 and to the fact that the limit on the unimproved value of land holdings had risen from £6,000 to £8,000, and later to £10,000. There is not the slightest doubt that, if this regulation had not been repealed, there would have been very great need to raise the limit on the value of lands that could be aggregated.

Mr. **J. R. FRASER:** There would be no objection to that.

Mr. **FAIRHALL:** I appreciate that, but the figure has never borne any real relation to a living area. It has been purely arbitrary, and I suggest that even if it were reviewed, we would still be left with an arbitrary figure which has no real relationship to any of the facts that ought to be considered. My own view is that the whole system of land tenure in an area like this, which was determined, as the honorable member has stated, in 1911, ought not to remain frozen. It ought to be sufficiently fluid to take care of changes in industry and in agricultural practice. The best evidence of that is the fact that, from time to time, as the honorable member has again pointed out, there have been great departures from the regulations and some winking of eyes at the general application of conditions. The honorable member directed attention to a particular case in which a leaseholder has not been compelled, as was provided by the ordinance and also in the lease, to take up residence on the block over which he has a lease. I point out that the lease in question was signed by a former Minister for the Interior—who was a member of the party that is now in opposition. I do not say that in the spirit that would lead some people to say, "Well, you have done that sort of thing and we are entitled to do it too." I am not approaching the matter in that carping manner; I am merely pointing out that it has been done by Ministers from both sides of politics. That indicates beyond any shadow of doubt, in that respect, the regulations were too tightly drawn, and that there were conditions under which the best interests of the Commonwealth and of the residents within the Territory might have been injured if the regulations as drawn had been applied.

The honorable member also directed attention to one or two violations, as he described them, which have not so far come under my purview. I assure him that I shall be pleased to look at those cases and to take them into consideration in the constant review of this matter that is made by myself and officers of the Department of the Interior. Of course, I can assure the honorable member that no one on this side of the House will take second place to him in ensuring that the interests of the Commonwealth in relation to this important matter are well preserved.

Mr. **JEFF BATE:** And very objectively, too.

Mr. **FAIRHALL:** I thank the honorable member for his interjection. The honorable member for the Australian Capital Territory also referred to an area at Ginninderra, part of which was used for grazing purposes and was withdrawn from lease. I am sure there is no argument about that. Both the leaseholder and the honorable gentleman are well aware that every lease provides that the Commonwealth may withdraw areas, or alter leases, as it requires for Commonwealth purposes. He points out that the leaseholder of that particular area of land has not been able to secure adequate other areas for the agistment of his stock. I merely point out again that that is a condition which is not entirely divorced, or absent, from land use and land transactions of this type. It applies all over the country. People are not able to secure adequate areas of land because the land is already completely occupied. So I do not think that there is any basis for complaint in that regard.

The honorable gentleman took exception to the modifications of the rules. But this matter was looked at with particular care by my predecessor in office and I am bound to say that I find no very great objection to what has been done in this connexion.

Dr. **EVATT:** The Minister said "very great"?

Mr. **FAIRHALL:** I said "not very great".

Dr. **EVATT:** Would the Minister have "great" objections?

Mr. **FAIRHALL:** Do not bind me down to the precise meaning of terms. Let me say that I do not object in general terms to what has been done in this matter, but I shall qualify that statement in a moment. The amendment by the Government of the regulations which prevent aggregation of land, forgetting the value for the moment, is the burden of the honorable gentleman's complaint. He says that there will be no power at all to stop aggregation, and that it might even be possible for one individual to buy up the whole of the

... Of course, exaggerations of that ...ue to the honorable member's argu- ...o point out to him, as is quite obvious ...onduct of this matter over the years, that have occupied the post of Minister for the Interior ...s been responsible people—I hope I may be included scription—and that the Minister for the Interior has ... under the ordinance, which still remains in force, ...ve, or fail to approve, the granting or transfer of ...d the sub-letting of leased areas. I suggest to the ...e gentleman that we are not aware of the dangers ...h he has referred, and the mere fact that a very ... protection has been provided does not mean that we ...one away with protection of all sorts. My own belief ...t it can be left to the good sense of responsibility of Minister for the Interior for the time being, and his ...tmental advisers, to see that the horrible picture that honorable gentleman has painted does not come into ...ence in the future.

I think it is well understood that the whole system of ...d tenure in the Australian Capital Territory came about ...ause it was needed to protect what the Government of ...time felt to be the national interest. How is this national ...erest to be protected? My view is that the national interest ...rotected when the Treasury secures from the land-holders lease-holders the economic value of their land and of their ...portunities to produce, by way of rents based on valuation. ...hen that happens, I should rather hope that the valuation ...ll bear a very true relation to the economic capacity of ...e land to produce. Arising from that fact will be the ...centive to the owner of the land to see that it does produce ... its full economic capacity. Otherwise he would find him- ...elf obliged to surrender his lease.

When we get down to the question of this extension of ...he lease period, I draw the honorable gentleman's attention ...nd, indeed, the attention of the House, to the fact that this ...atter has been looked at with particular care by the Australian Capital Territory Advisory Council. I found the members of the council to be quite responsible people who are, I think it may be claimed, as well versed in connection with land matters in the Australian Capital Territory as is the honorable member for the Australian Capital Territory himself. The fact that the Australian Capital Territory Advisory Council has recommended the extension of the lease period is adequate ground upon which the department, the Minister and the Government are entitled to make this extension.

Dr. EVATT: That is, as to the terms.

Mr. FAIRHALL: Yes. Even if there were not other grounds for making this extension, we have that ground. We are in a period when the development of land and the application of better and more efficient methods of agriculture, and the provision of fixed improvements, are rising in cost, and the time has come when there is a need for greater security of tenure before people can be persuaded to under- take complete natural development of the land over which they hold a lease. For my part, I believe that 25 years is all too short a period to encourage lease-holders to develop their land fully, and the one thing we must depend on at all times, and demand, is that land shall be subjected to full economic development. This is a question that has been looked at from time to time, and I am bound to say that the standard of land use in the Australian Capital Territory is not one whit below the general level of development in the States. So I do not think there can be much ground for argument there. I suggest that there will be great impetus to land improvement if the security of tenure is lengthened.

So it is on that ground, very largely, that we propose to extend the period of lease. There is also brought into the matter the fact that if we are going to ask lease-holders to add greater improvements to their land, we must also give them greater latitude in the ultimate transfer of their equity in the improvements, if the time should come when they want to surrender their leases. If their leases are pinned down to a short period it will be found that men who have been asked to increase improvements to their properties, and have been encouraged to do so, will find themselves tremen- dously handicapped because the security of tenure will not be sufficient. I see every justification in the extension of the lease period. I think it ought to be drawn to the attention of the House that the leases which are going to be affected by this lengthened period are those which are out- side the areas that are earmarked for development in the reasonably near future, and, therefore, the question of the disturbance of those leases will not arise. Every influence that can be brought to bear towards the greater develop- ment of leasehold areas ought to be put into operation.

There has been some discussion, not raised by the honorable member for Australian Capital Territory, on which I should like to make some comments. There is some con- cern, of course, that the equity of lease-holders in their areas is being expanded by this increase of tenure, but I want to point out that the length of lease has been taken into consideration in the assesment of rents, and therefore nothing like that will obtain. It seems to me that, having regard to all those facts, the interests of the Commonwealth and the Australian Capital Territory have been very well preserved, and I can see no grounds on which I can reason- ably suggest that the regulation should either be withdrawn or disallowed. But I shall give the honorable member for the Australian Capital Territory this undertaking, that, while I occupy the office of Minister for the Interior, he may rest assured that these matters will be looked at from the point of view of extreme responsibility.

I share with the honorable member some objection to the aggregation of lands beyond an aggregation which will permit economic use and reasonably easy handling under modern emthods of agriculture, which include top-dressing, pasture improvement and so on. I assure the honorable member that it will be my objective to handle applications for the transfer of leases so that no untoward aggregation of lands can occur. I point out again to the honorable gentlemen, in conclusion, that there are cases where the failure to have a sufficient land area in one mass for easy working may well react against the best interests of the Commonwealth and the lease-holders, and, indeed, of all the people who live in the Australian Capital Territory. Therefore, I am not prepared to embark on any segregation of those people into classifica- tions of small and big lease-holders. I merely regard all of them as users of land, and, provided there are adequate safe- guards, such as are written into, and retained, in the regula- tions to see that the national interests are well preserved, I am well satisfied.

After Mr. Whitlam (Werriwa), the seconder, Mr. Fairbairn (Farrer), Dr. Evatt (Barton, Leader of the Opposition), and Mr. George Bate (Macarthur) also spoke on the motion. The following extracts are from Dr. Evatt's speech:

Dr. EVATT: This matter has assumed such importance that the House should look at the proposal very carefully. As to the comments of the Minister for the Interior (Mr. Fairhall) on the very effective speech made by the honorable member for the Australian Capital Territory (Mr. J. R. Fraser), I only want to say that the Minister did not appear to be unfavour- ably disposed to the case made by the honorable member. The Minister said that he had no very great objection to what had been done. I think those were his words. That was not exactly enthusiastic support of the action taken by the Depart- ment of the Interior in curious circumstances, just before the general election last December. I do not want to pin the Minister down to a phrase, but his speech showed that he took a rather reserved view of what had been done. Towards the end of the speech, he said that he was against what he called untoward aggregation. I am certain that, in administer- ing whatever ordinance is in force, the Minister will act in accordance with that principle. But the purpose of the regulation now repealed is to save the Minister from the difficulty of determining what is an untoward aggregation and to establish a general rule.

The manner in which the matter has been handled is really very bad. It is bad for the administration. I believe that the cases cited by my colleagues, especially the honorable member for the Australian Capital Territory, suggest that there have been many breaches of the existing regulation, and the substitution of a new lease is intended partly to waive all prior breaches of the regulations and of the terms of the lease.

For that reason I should like the House to consider this matter more carefully. There has been a very small attendance in the chamber during the debate. Very important matters were referred to by the honorable member for the Australian Capital Territory. It seems to me that the least that the House can do is to consider the matter judically. The new Minister intends to carry out the regulations in accordance with their spirit as well as the letter in order to have an administration of these leases which will be valuable to the Territory.

I have almost completed what I wish to say. I shall not analyse the Minister's speech which on the whole, was not unfavourable to the case put by the honorable member for the Australian Capital Territory. We must consider what action should be taken, and whether the present provision should be retained. Some inquiry should be instituted. We must not let the position be worsened by the creation of new vested interests through the medium of a regulation which was passed five days before the general election and con- firmed by the Governor-General some short time after the general election. Let us see what was done after that. The public could not have been made aware of this change. Looking at the new regulation alone, one could not know what on earth the old regulation had contained. The subject- matter, as indicated by the notation at the side of the regula- tion is, "Period of Leases." The notation at the side of the regulation which was repealed simply read, "Value of land which may be leased", which is an entirely different topic. It seems as though the persons drafting the new regulation wanted to get rid of the provision relating to aggregation and substitute in its place this entirely different topic. It is not confusing but it might be very deceptive.

I thought that the Minister dealt with the matter fairly, but was bound by a sense of loyalty to decisions of the previous administration. I do not think that is the proper approach. I agree with the view that untoward aggregation must be prevented.

The figure appearing in the previous regulation was altered from time to time, but £10,000 seems to be a reasonable limit, because it excludes buildings, fences, dams, ground tanks, and so forth. Why should that figure be altered unless one can show clearly that the figure is wrong? If the House is convinced that it is wrong, it should substitute another figure, so that the Minister will not have to determine policy piecemeal, but will have the general policy determined for him. I regard this matter as of great importance. Apart from the interests of the Territory, we must consider the point of view of the whole of Australia. This capital is developing rapidly, and it is bound to develop much further. In the Territory, land development in places distant from Canberra will be progressively of an agricultural character. Therefore, this unlimited power that is intended to replace the old carefully considered power should not be agreed to by the House unless it is convinced it will allow fair representation of all interests.

REGULATION DISALLOWED IN SENATE

On the 9th of May the same subject was discussed in the Senate. The following quotation is from the second speech of Tasmanian Senator McKenna, Leader of the Opposition in the Senate.

SENATOR VINCENT: Could the Leader of the Opposition fairly fix an unimproved value for land which has been improved for a hundred years?

SENATOR McKENNA: If Senator Vincent is asking if I personally, would do that, I assure him that I could not, but I am certain that people familiar with the land in question, and with the prices at which it has changed hands—as it has fairly frequently in recent years—would be able to assess the value of improvements and deduct that from the prices realised, and so ascertain the unimproved value. I see not the slightest difficulty in that process. Many competent people in the Australian Capital Territory could determine with complete accuracy what is the fair, unimproved value. Every municipality does that when rating upon the unimproved value of land. There are most competent people all over Australia who are accustomed to that particular process. There is no more common process, and I should imagine that there would be few activities in which one would find more experts than are found in that particular field. I see no difficulty whatsoever.

I come to the Minister's next point, that the determination of value has no relation to productivity. With very great respect I join issue with the Minister on that. I think that the value affixed to land is very largely determined by its productivity. Again, there is a criterion in the prices at which leaseholds have been changing hands in the Australian Capital Territory. I think a purchaser who is concerned to pay a fair price will advert in the very first instance to productivity, and the price he will offer will be conditioned primarily, if not wholly, by that fact. I should say that value and degree of productivity are two things that run completely in harness togethe. that there possible relation between them. I know Minister has reported about his colle... the for the Interior (Mr. Fairhall) is true... the expressed himself very strongly as being opp... aggregation.

On the division, Senators McCallum and C... crossed the floor and caused the regulation to b...

On the 20th March, Senator McCal... in the **Senate** on the debate of the repo... Select Committee of which he was chair...

SENATOR McCALLUM: There is a sense... building in Canberra is a saving. Here we have t... system. The committee did not go into the gener... as to whether leasehold or freehold was the bett... decided emphatically that during this building... Canberra the leasehold form was the right o... expenditure, say in Collins Street, Melbourne, wo... the proprietors of the "Age" newspaper, and ever... who has a property in Collins Street. It would ten... ground rents, and confer an advantage on every... property owner. **Here in Canberra, while there... advantage to the individual property owner, the g... of the increase in value—the unearned increment... called—goes to the nation itself**, so that I say th... spent on building in Canberra, particularly the bu... homes on leasehold tenure, is a saving. We are bu... here an enormous asset for the future of this coun...

SENATOR SCOTT: What kind of leasehold... here?

SENATOR McCALLUM: The perpetual leasehold... obtains in Canberra, and there are re-appraisals at... of 25 years. Therefore, the Commonwealth is con... gaining. In my opinion, the occupier, also, is gaini... **nobody is getting speculative gains in real estate in C... such as are being obtained in other capital cities.**

Senator McCallum, as also Messrs. F... and Fairhall, have been getting "The Stan... for many years.

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